Why We Did This Review

We conducted this review in accordance with the FY 2011 Board of Supervisors approved audit plan.

Our objectives were to determine if:

- Cash receipts are properly safeguarded

- Emergency Action Plans (EAPs) are adequate

- ALERT system equipment is properly maintained and provides accurate and timely readings

- Select IT controls are effective

- Restricted revenue funds are being used properly

What We Recommend

We recommend Flood Control District management:

- Develop written policies and procedures for cash handling and EAPs

- Ensure the adequacy of controls over cash receipts and related systems

- Execute a written agreement with the Maricopa County Department of Emergency Management (MCDEM) that clearly delineates the division of responsibilities for EAPs

- Strengthen IT controls and update ALERT IT policies and procedures

Flood Control District (FCD)

Controls over Cash Receipts, Emergency Action Plans, and the ALERT System Need Improvement

What We Found

Internal controls over cash receipts, Emergency Action Plans, and the ALERT system need improvement. The ALERT system includes over 700 gauges throughout the County that provide real-time data about weather conditions. Our findings are summarized below.

Summary of Audit Results	
Cash Handling	Adequate controls are not in place to ensure that cash receipts are properly safeguarded. Weaknesses were identified in most areas of the cash receipting cycle (e.g., recording, safeguarding, and depositing revenues), which greatly increases the risk of fraud, waste, and abuse.
Emergency Action Plans (EAPs)	EAPs are required to identify potential flood emergency conditions at dams and related response activities. While plans were in place for all required structures, they generally were incomplete. Additionally, while some requirements have been informally assumed by MCDEM, there is no system in place to ensure proper oversight. FCD was very proactive in correcting these issues during our review.
ALERT System Performance & IT Controls	ALERT system equipment appears to provide accurate and timely readings. However, there is no effective system in place to ensure that the equipment is properly maintained. In addition, improvements could be made over ALERT system IT controls to ensure the integrity and security of system data.
Information Technology (IT)	FCD generally follows best practices for information security policy, segregation of duties, account management, super user access, physical access controls, virtual private network, virus protection, batch processing, and related areas.
Restricted Revenue Funds	FCD appears to comply with restricted fund requirements, based on the expenditures reviewed.

We appreciate the excellent cooperation received from Flood Control District management and staff while conducting this audit.